

QUARTERLY REPORT
Guyana Building Equity and Economic Participation (BEEP) Project
April 1996 - June 1996

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The Guyana Building Equity and Economic Participation (BEEP) Project provides 54 Person Months of long-term assistance, 60 person months of local short-term technical assistance, and 50 person months of off-shore short-term technical assistance. The total project allocation is US \$3,682,472, programmed to run through a 27-month period from November, 1995 to February, 1998. The allocation includes \$125,000 in expendable procurement and \$240,000 in non-expendable procurement.

The purpose of the project is to strengthen the business environment in Guyana in order to bring about economic growth with equity. The business environment is defined as the macroeconomic and fiscal policies, and the legal/regulatory/judicial (LRJ) and institutional framework that govern all public and private sector investment activities.

At the end of the project, the following performances targets should be achieved:

- 1 The GOG will have increased capacity to implement economic, financial and other business-related policy and regulatory reforms to produce greater growth with equity;
- 2 The private sector will expand participation of urban and rural poor and exhibit broader-based, inclusive, articulate participation in national and sectoral policy and LRJ formulation and the implementation process; and
- 3 Small, micro, and non-traditional enterprises will have increased access to investment opportunities (e.g. increased skills, increased information, increased access to capital).

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Introduction

The following Quarterly Report lists key tasks for each Long-term Advisor in a format consistent with the report requirements as defined in the BEEP Project Scope of Work and the IGI International contract. Task assignments, accomplishments, problems encountered, lessons learned, and solutions implemented are included in standard outline format facilitate review. Also included is a budget summary for the project with a summation of funds expended to date in each budget line item. Tables are included which show the person months for long-term and short-term technical assistance and training conducted during the reporting period and the allocation for each component.

Due to a USAID - approved delay in completion of the Project Inception Report, the annual work plan was completed at the end of January 1996. The Inception Report was accepted by the Government of Guyana on 21 March 1996.

Therefore, beginning with this Quarterly Report, for the period April through June 1996, the task assignments are based on the now approved work plan in the Inception Report.

Executive Summary

The fundamental objective of the BEEP Project is the institutional strengthening of the MoF and MTTI to increase the capacity of the Government to implement economic, financial and other business related policy and regulatory reforms to produce greater growth with equity. During the April - June Quarterly period various activities and STTA consultancies have contributed towards achievement of this objective in the following ways.

Ministry of Finance

In spite of the key systemic constraints in the public sector in terms of low wages and salaries, poor working environment, and lack of adequate levels of staffing, BEEP resources made a significant impact at the Ministry of Finance over the last three months. Key support in providing technical assistance to Guyana's Paris Club Memorandum, application of technical assistance to support Guyana's Commercial Debt Buy-back, development of a macroeconomic model for the country, and contributions in developing the macroeconomic and PSIP chapters of the National Development Strategy were some of the key milestones.

BEEP resources were also used to organize a retreat in strategic planning and progress was made in developing the specifications for the procurement of computer hard/software. The outcome of the retreat is expected to be integrated and coordinated with the work program in the BEEP Inception Report. This will provide the basis, first, for the revision of the Inception Report, and second, for the rapid implementation of the capacity building and institutional strengthening initiatives that were identified by staff of the Ministry.

In summary, consistent with the work program in the Inception Report, counterpart personnel for data have been identified at the Statistics Bureau and the Bank of Guyana, data formats and schedules for data collection have been prepared and circulated, needs assessment of MIS has been completed and the second phase of procurement of computer hard/software is on track, the macroeconomic data base has been updated, training in macroeconomic projections and analysis is ongoing, review of the tender and procurement process is underway and the Government is considering the recommendations of the consultancy report, and the RMSM-X model of the Guyanese economy is in place.

Ministry of Trade, Tourism and Industry

A substantial portion of the Advisor's time continues to be devoted to participating in, and assisting, the Minister and Senior Staff with various meetings at the national, regional and international levels. Progress is being made in rationalizing and enhancing both the effectiveness of the Ministry and the participation of the Advisor in these activities. Other key accomplishments during this quarter include (i) initial steps in providing technical assistance to relevant private sector organizations; (ii) identification of six potential business investors; (iii) development of plans for a National Tourism Conference in Guyana.

A firm commitment has been made and specific dates agreed for a 2-day weekend Senior Staff retreat in mid-September as part of a process to develop a Strategic and Action Plan for MTTI. An experienced external facilitator will support the Advisor in assisting the Minister and Senior Staff to plan, implement and follow-up the 2-day retreat.

The Advisor will then work with the Minister and Senior Staff to revise the BEEP Inception Report, as necessary, to ensure proper integration and coordination with and responsiveness to the established needs and priorities of MTTI.

A local STTA consultant was engaged to report on the advantages and disadvantages of a possible merger of GOINVEST, GEPC and NGMC, and to make a clear recommendation to the Minister. The final report of the consultant had not yet been received by the end of this report period. Work was also begun in late June by two external STTA consultants to review Guyana's trade policy framework, and to provide MTTI with recommendations for establishment of a Trade Policy Unit within MTTI. An MIS consultancy was conducted to assess the computer hardware and software needs of MTTI. The results of this initial consultancy will be supplemented by the work and recommendations of the two external consultants dealing with Trade Policy.

Progress in Relation to Objectives and Quarterly Programmed Activities

Although substantial progress has been made towards achieving BEEP objectives, for reasons that will be discussed further below some tasks/activities that had been programmed in the Inception Report for the April - June 1996 period were not accomplished. Likewise, some tasks/activities that were programmed in the Inception Report for the July - September 1996 Quarterly period have not been included in the "Projections for Next Quarter".

Task/activities programmed in the Inception Report that were not accomplished during April - June 1996

Ministry of Finance

In spite of the progress made over the period, still some tasks programmed for the second quarter in the BEEP work program were not accomplished. This include:

- i) establish/maintain inter-agency coordinating group;
- ii) develop fully functioning macroeconomic division;
- iii) review performance of public enterprises;
- iv) review management/operational options for semi-autonomous public agencies; and

- v) configure hard copy data/computer storage.

Explanation for Non-Compliance

i) and ii) will be accomplished as part of the Ministry's work program. iv) has been completed by Government appointed consultant and v) may have to await the procurement of computer hard/software.

Ministry of Trade, Tourism and Industry

Some tasks shown in the Inception Report for the quarter under review, but in the event not done were as follows:-

Chart 2 B- MTTI- Under 1 (a)

- i) prepare comparative analysis of tax regimes in the CARIFORUM region.
- ii) begin drafting of an Investment code.
- iii) develop recommendations for internal process/mechanism for investment facilitation.
- iv) establish private investment unit to support MTTI role and to provide feedback to public sector.

Comment - i) is best done as part of ii) - At the request of the Ministry of Finance, we were asked to defer work on an Investment Code and to prepare instead an Investors Guide which would summarize the existing GoG concessions/incentives regime in a single document. For reasons outlined in this report, that effort was aborted. The intention is to proceed with the Investment Code assignment in the July-September quarter; iii) would be done as part of the Investment code assignment and in our judgement iv) is best deferred until the GoG signs off on a new Investment Code.

Under 1 (b)

- i) develop recommendations to facilitate public-private dialogue.
- ii) identify the priority general and sector specific training needs of the membership of private sector and NGO organizations.

Comment - on i) and ii) - Discussions with several private sector organizations and NGO bodies and within MTTI during the April- June quarter have started this process. Consultancy assignments planned for the private sector and the NGO constituencies respectively in the July - September quarter will take this process forward and cover the issues identified at i) and ii).

Under 1 (c)

- i) draft studies to support trade and industry policy.
- ii) identify and provide necessary informatics (hardware and software).
- iii) develop recommendations for building public-private consensus.
- iv) clarify responsibilities for overall conduct of trade policy.

Comment - i) and iv) must await recommendations and their acceptance by GoG of the report of the trade consultants and the consultants on the Investment Code, to be done in the July - September quarter.

ii) the MIS report has started the process for ii) which will be completed in the light of the recommendations in the two reports named in i) above.

iii) These recommendations will arise from work on the assignments scheduled in the third quarter, on the private sector and the NGO constituencies.

Under 2 (a)

- i) develop eco-tourism database; recommend process for its maintenance.
- ii) build capacity of tourism division to maintain database, prepare reports.

MTTI is planning a major tourism conference for early September and the Advisor has assisted the Ministry with its planning for the conference during the quarter under review.

The issues in i) and ii) above are best addressed in the light of the conference outcome/recommendations.

Under 2 (d)

- i) Assist with drafting of eco-tourism issues for the Investment Code

Comment - This will form an integral part of the Investment Code assignment, previously mentioned.

Under 3 (b)

- i) Assist with drafting a Small Business Development Act

The Advisor assisted during the April - June quarter with the planning of a Symposium to be jointly sponsored by the Small Business Credit Initiative (SBCI) and the BEEP Project, designed to address the needs of the small/micro business constituency in a comprehensive way, including its legislative needs.

The recommendations of that Symposium and proposed action on them will be available in the July - September quarter, when BEEP will be in a position to know whether its resources are best spent on this objective or on some other one of higher priority to this constituency.

Tasks Activities Programmed in the Inception Report that are not included in projection for July - September 1996.

Ministry of Finance

- i) Configure hard copy data/computerize storage;
- ii) train in DRMS database;
- iii) train in debt modelling and analysis;
- iv) develop parameters for independent project evaluation; and
- v) establish mechanism for regular development of data on project implementation.

Ministry of Trade, Tourism and Industry

Some tasks projected in the Inception Report for the quarter, July to September, but not specifically included in our projections for that quarter are as set out below. Those tasks which are simply continuations of assignments commenced in the April - June quarter are addressed above.

Under 1 (b)

- i) design/facilitate workshops to develop consensus and enhance public - private dialogue.
- ii) develop agreement with private organizations and NGOs to guide collaborative relations.
- iii) strengthen selected private organizations and NGOs to conduct public - private dialogue.
- iv) strengthen capacity of Private Sector Investment Unit/Trade Policy Unit in dialogue.

Comment - The assignments shown as scheduled for the July - September quarter for the private sector and NGO constituencies will address the issues raised in I, ii) and iii) above.

The comment under 1 (a) iv above deals with the issue of the Private Sector Investment Unit.

An assignment on trade policy was drafted in the quarter under review for completion in the July - September quarter which will include recommendations on a Trade Policy Unit.

Under 1 (c)

- i) strengthen capacity of GEPC to maintain trade database, monitor non-traditional exports and conduct domestic and international trade fairs.
- ii) review/develop recommendations to improve the use of standards/quality control.

Comment - On i) - MTTI requested BEEP during the quarter under review to do an assignment involving a clear recommendation on a proposal to merge GOINVEST, GPEC and NGMC. The work was done during the quarter under review but the final report was not submitted in that period. It will be submitted in July.

Against that background, it made little sense to schedule this activity, until the GoG makes a clear decision on the merger recommendations.

On ii) - MTTI is currently reviewing the relationship between its Consumer Affairs Division and the Guyana Bureau of Standards - which falls under the Ministry's purview - in respect of respective responsibilities for standards/quality control. It would seem prudent to await the outcome of that review before scheduling this assignment.

Under 2 b/c

- i) prepare background report on issues/options for participatory development of relevant policies and assist with the development of such policies.

Comment - This issue will form an integral part of the assignment scheduled for the third quarter on the NGO constituency.

Under 3 (d)

- i) assist GVC with implementing technology transfer project.
- ii) identify/establish linkages between trading companies/micro enterprise organizations.

Comment - On i) this issue will form an integral part of the assignment scheduled for the third quarter on the NGO constituency.

On ii) This issue will form an integral part of the assignment which will result from a consideration of the recommendations/action steps arising from the Small Business/Micro Enterprise Symposium in the July - September quarter.

In spite of the progress made and the specific constraints as mentioned above, some difficulties still remain. As indicated in the BEEP Inception Report, a balance has been sought between assisting the ministries and addressing some of their immediate needs while also initiating the longer term institutional strengthening and capacity building effort. Over the last quarter, in the context of the short-term issues that faced the government, the BEEP advisors were, none-the-less, able to begin laying the foundation for addressing the long term BEEP objective.

The cornerstone for the institutional strengthening and capacity building process will be putting in place the strategic planning and management system at both ministries. This process has been initiated with 2-day ministry staff retreats scheduled for MoF in July and MTTI in mid-September. The needs assessments, strategic plans and action plans which will be produced for both ministries by mid-October will provide an informed basis for refinement of the Inception Report to focus and direct BEEP resources on the priority needs for institutional strengthening and capacity building in MoF and MTTI. Other activities and STTA consultancies that have been scheduled for the July - September period will also help to determine how best to use the remaining BEEP resources to continue to assist the government in addressing its evolving priority needs, while simultaneously achieving the long term institutional strengthening and capacity building objectives of the MoF and MTTI.

1. Tasks and Accomplishments of Macroeconomic Policy Advisor

TASK ASSIGNMENT

A. Report to and take assignments directly from the Minister or his designate; act as the Minister's Advisor; and provide a second opinion to the Minister, as requested, on all subject areas within the Ministry's purview and within the Project's parameters.

ACCOMPLISHMENTS

Major accomplishments over the last quarter included (i) preparation of the Paris Club Memorandum for stock of debt operations; (ii) development of macroeconomic projections for Guyana; (iii) preparation of the macroeconomic chapter of the development strategy; (iv) review of sector analysis of the development strategy; (v) application of technical assistance for Guyana debt buy-back with the World Bank; (vi) preparation of the PSIP chapter of the development strategy; (vii) follow-up of the tender board report; (viii) development of specifications for computer hard/soft ware procurement; (ix) organisation of retreat for the senior staff of the Ministry of Finance to initiate the process of strategic planning; and (x) participation in Government of Guyana/IMF mid-term review.

The BEEP Advisor and STTA consultants also provided the following support for capacity building and institutional strengthening:

- a) Training in macroeconomic modelling - staff of the Macro Division
- b) Assistance in preparing analytical report - staff of the Macro Division
- c) Paris Club Debt Reduction - Head of Debt Management Division
- d) Institutional Strengthening

- i) MIS Report to assist in upgrading the computer needs of the Ministry.
- ii) Tender Board Report - to rationalize and streamline the tender procurement process.

PROBLEMS

Although some progress was made in capacity building and institutional strengthening, the lack of adequate levels of staff, poor working environment, and absence of appropriate training continue to slow down achievements. In addition, the absence of a Ministry strategic plan and a work program was a factor in delaying progress in accomplishing the work program in the BEEP Inception Report.

LESSONS LEARNED

There is generally a lot goodwill and desire on the part of Ministry staff to support far-reaching reforms to improve the working environment at the Ministry. It would be crucial to channel this energy to assist the Minister to achieve his goals of effectively managing the resources of the country.

SOLUTIONS

The MoF retreat is expected to play a key role in addressing some of the key constraints that the ministry currently faces. Resolution of these conflicts will significantly help to use BEEP resources more efficiently in improving capacity building and institutional strengthening.

TASK ASSIGNMENT

B. Be assigned to work from the MOF Office of Planning and Policy Development and work progressively with the following divisions:

(1) Macro Economic Division

ACCOMPLISHMENTS

These included (i) preparation of the Paris Club Memorandum for stock of debt operation; (ii) modeling of the Guyanese Economy; and (iii) development of the PSIP and Macroeconomic chapters of the development strategy.

(i) Paris Club Memorandum

Re-drafted the Paris Club Memorandum for stock of debt operations for the Government. This work involved consultation and coordination of the staff of the Debt Management Division, the Bank of Guyana, the staff of the International Monetary Fund and the World Bank. The outcome of the Memorandum which was presented before the Paris Club creditors in Paris on April 1996 resulted in the reduction of Guyana's stock of debt by more than US\$500 million.

(ii) Application of Grant Assistance to Support World Bank Debt Buy-back

Working closely with the World Bank country economist for Guyana, applied to the Canadian Government through the Canadian High Commission to Guyana, for a grant of US\$1 million to support technical assistance for the reduction/elimination of Guyana's commercial bank debt. The response from the Canadian Government has been positive.

(iii) General Equilibrium Modeling of the Guyanese Economy

Developed a general equilibrium macroeconomic model for Guyana. The model consists of six key blocks including national accounts, trade, balance of payments, fiscal, external debt, and monetary accounts. This model is essential in developing macroeconomic projections for the medium term. The projections arising out of this model will be used in supporting the analysis of the medium-term prospects in Guyana's National Development Strategy. The projections and their underlying assumptions played a key role in the policy dialogue during the IMF mid-term review conducted in July 1996.

(iv) Development of the Macroeconomic Chapter of the Development Strategy

Currently assisting the Ministry of Finance to complete the macroeconomic chapter of the development strategy. The policy framework of this chapter has been completed and the projections are now being analyzed to develop medium term prospects under various scenarios.

PROBLEMS

Two key problems that remain in building capacity of the macroeconomic division are inadequate level of staffing and the absence of computers for the small staff to carry out their functions. At present there are three staff at the division and no computing facilities. The absence of staff has required the L/T Advisor to take on increasingly more workload, thereby making it difficult to provide an adequate level of technical assistance to other divisions within the ministry.

SOLUTIONS

In order to develop the macroeconomic division and sustain the current level of technical assistance, it would be essential that the Ministry recruit more staff for the division. The senior management of the Ministry recognises this serious constraint and committed itself, among other things, to recruit more staff and upgrade the division to become the think tank of the ministry. In addition, the Ministry will be procuring computer hard/software soon and this is expected to improve the efficiency of the division.

Project Cycle Management and PSIP Divisions

ACCOMPLISHMENTS

Assisting the project cycle division to undertake sector reviews of the various chapters of the development strategy. The objective of this assignment is to identify projects and programs that would complement private sector development in the medium term, improve social conditions and reduce poverty. The review (i) develops the project pipeline; (ii) provides indicative cost; (iii) focuses available financing; and (iv) determines financing gap. This will be a major component of a donors conference that will seek financing to implement the prospective public sector investment program.

PROBLEMS

Like the Macroeconomic Division, the Project Cycle Division lacks adequate staffing, and the upgrading of skills, through appropriate training, is urgently needed. At present, there are five staff at this division and staff time is generally taken by several meetings and the monitoring of the PSIP

SOLUTIONS

More staff and training are required to beef-up the Project Cycle Division.

TASK ASSIGNMENT

C. Assist in putting into place a strategic planning and management system consisting of a nine step process:

(1) Commitment to the strategic management process

ACCOMPLISHMENTS

The Ministry of Finance initiated its annual strategic planning process with a three-day retreat in Linden. Twenty members of the Ministry staff participated in an extensive analysis of key issues affecting Ministry performance. Data developed during the retreat was subsequently synthesized and prioritized by a core group of five retreat participants. Four key areas that were identified as priorities for the Ministry of Finance planning cycle included Macroeconomic Analysis and Programming, Project Cycle Management, Budget Cycle Management, and the Ministry's Administration. Although a strategic plan is not in place yet, its key elements have been identified and there is a general commitment to carry the process forward.

PROBLEMS

Some problems were encountered in planning the retreat including the absence of (i) some key personnel; (ii) representation of support staff; and (iii) representation from some of the agencies under MoF. In addition, the strategic and action plans were not completed during the retreat.

LESSONS LEARNED

Some of the lessons learned included (i) the benefits of active participation of staff in deliberations; (ii) methods for generating constructive criticisms; and (iii) the strong desire of staff to improve the working environment of the Ministry.

SOLUTIONS

In order to receive inputs from the entire staff and ensure a truly participatory process it was decided that the Minister (i) briefs staff of MoF on recommendations and, based on inputs from the general assembly, have the retreat report and recommendations revised accordingly; and (ii) consults with agencies working with MoF and receive their inputs. It was also agreed that once these consultations are over, the Ministry would then prepare its Strategic and Action Plans and set up various task forces to implement the Action Plan.

(2) Identification and clarification of Ministry's mission, objectives and operating practices

ACCOMPLISHMENTS

The retreat provided an opportunity to clarify the Ministry mission. It forced senior staff to identify the key areas where progress can enhance the Ministry's work program. It also forced senior management to examine existing operating practices including the role of the central administration in supporting the Ministry's work program. The outcome of this exercise is that serious recommendations have been made to clarify the Ministry's mission, objectives and operating practices.

PROBLEMS

In spite of these sound recommendations, a key issue is the commitment to implement several of the recommendations made. Longer delays would kill the initiative, motivation and the desire of staff to be part of the reform process in the ministry.

LESSONS LEARNED

Although low wages and salaries are still a constraint in retaining staff at the ministry, the motivation and interest shown by staff at the retreat seem to suggest that a lot more could be achieved if some critical issues are addressed effectively and in a timely manner.

SOLUTIONS

(3) Identification of strengths and weaknesses

ACCOMPLISHMENTS

Several strengths and weaknesses were identified at MoF. These were both systemic and specific to the various divisions. The identification of these strengths and weaknesses were crucial in developing strategies and activities underpinning the various recommendations.

PROBLEMS

LESSONS LEARNED

The issues identified provided insight into some the problems that MoF faces in managing the economy. It brings to the fore some of the critical issues, such as low wages and salaries, inadequate level of staffing, unresponsive administration, and the lack of coordination among divisions and agencies of the Ministry. But the process also provided insights into some of the strengths and opportunities that the MoF has and exposed the inability of management to take advantage of these opportunities.

SOLUTIONS

Timely and effective implementation of the Strategic and Action Plans, once ready, will go a long way in resolving some of the key constraints facing the ministry.

(4) Assessment of opportunities and threats in external environment

ACCOMPLISHMENTS

The Ministry identified several areas including access to grants, free training courses, and information from donor agencies as some of the opportunities currently available to MoF. But it also identified the existing status quo, institutional weakness of providers of information, cross conditionalities, and lack of donor coordination as some of the threats that can hamper progress.

SOLUTIONS

The Ministry proposed to address some of these problems by (i) re-organising itself to take advantage of opportunities; (ii) improving inter-agency coordination; and (iii) developing linkages with outside agencies and other Government Ministries.

(6) Examination of critical strategic issues

ACCOMPLISHMENTS

Progress was made in acknowledging and responding to the views of senior staff on some of the critical strategic issues facing the Ministry. These issues that range from strengthening policy analysis, to developing program budgeting, improving the project cycle management and restructuring the organisation of the Ministry were examined and sound recommendations were provided to guide the Ministry to reform itself.

PROBLEMS

As mentioned earlier, a lot of expectations have been created by the retreat and prompt and systematic follow-up is critical to sustain momentum.

LESSONS LEARNED

SOLUTIONS

Addressing these key strategic issues would involve the development of strategic and action plans. In order to expedite the process, task forces will be formed to implement the activities of the action plans.

(7) Design of strategy options to address the critical issues

ACCOMPLISHMENTS

As part of the follow-up to the retreat, the Ministry staff has agreed to prepare strategic and action plans to implement the recommendations arising out of the retreat.

(8) Implementation of the strategy

ACCOMPLISHMENTS

As part of the follow-up process, the Ministry has agreed to set up task forces to implement various elements of the action plan.

2. Other Tasks Completed

ACCOMPLISHMENTS

Other tasks completed include the (i) preparation of a cabinet memorandum on the Central Tender Board report by BEEP STTA. (This will set the stage for the follow-up of the report that will essentially develop a Tender and Procurement Division within the MOF, and revise the legislation governing the Central Tender Board); (ii) development of specifications for the procurement of computer hard/soft ware. This process is the culmination of the Needs Assessment of MIS report prepared by BEEP STTA and computer needs identified by participants at the recent MoF retreat.

3. Capacity Building

ACCOMPLISHMENTS

During the last three months, the following were also accomplished:

- i) identification of counterpart personnel for data collection;
- ii) developments of data formats;
- iii) updating of macroeconomic data base (by MD staff); and
- iv) on the job training in modelling and data manipulation.

PROBLEMS

The key issue is that not sufficient time was spent with staff to actually do this modeling on their own. Several reasons account for this: (i) the short-time frame to deliver the outputs; (ii) lack of basic training in macroeconomic accounting; (iii) the lack of computers for staff to do some of this work on their own.

SOLUTIONS

More time will have to be spent with the technical staff of the ministry in training in basic macroeconomic accounting, macroeconomic policy, fiscal policy, and debt strategies. Necessary hard/software will have to be procured and installed.

4. Recommended Changes in Scope of Work

The MoF retreat has brought into the limelight several key issues that are important to the Ministry. It appears that the Ministry is willing to tackle several of these problems over the next 12 months. Consistent with the recommendations of the BEEP Inception Report, once these recommendations are formalized in the MoF Strategic Plan, it would be essential to revise the Inception Report to accommodate such changes.

5. Projections for Next Quarter

In the next quarter, the following assignments will be undertaken:

- (i) Development of Strategic and Action Plans;
- (ii) Re-structuring of the MoF to respond to the concerns arising out of the retreat;
- (iii) Procurement and installation of computer hard/software;
- (iv) Procurement of furniture, airconditioners, fans, and file cabinets for MoF;
- (v) Phase II of the tender board report -- establishment of the Tender and Procurement Division;
- (vi) Development of integrated personnel policies and procedures such as job descriptions, standard operating manuals, and developing the rationale to improve support services of the Ministry;
- (vii) The AG department is part of the Ministry of Finance and institutional support is needed to assist it to perform its functions more effectively. Computerization of the pension and payroll system in the Accountant General's office.

1. Tasks and Accomplishments of Business and Economic Development Advisor

TASK ASSIGNMENT

A. Report to and take assignments directly from the Minister or his designate; act as the Minister's Advisor; and provide a second opinion to the Minister, as requested, on all subject areas within the Ministry's purview and within the Project's parameters.

ACCOMPLISHMENTS

- a) Assisted Minister Shree Chan and the Consumer Affairs Division in three (3) discussion sessions with the Mini Bus Association, on the latter's announcement of planned fare hikes and advised on strategies to be used in those sessions.

The Mini Bus Association eventually broke off the talks on the grounds that they were becoming negotiations which they believe to be unnecessary for fare increases in the industry. The Minister advised that if all of the fares increases were implemented, he reserved the right to refer the whole issue to the Public Utilities Commission (PUC), for determination. In the event the Association only implemented selective increases and the issue was not referred to the PUC.

- b) The Advisor accompanied Minister Shree Chan, the OAS Representative and other officials on a day trip by air to Kaieteur Fall area. The purpose was to assess on the ground, plans in preparation by OAS consultants for structures to be built, together with related conservation and environmental measures, in connection with the proposed development of Kaieteur National Park.
- c) The Advisor attended, on the Minister's and the Ministry's behalf meetings with various segments of the private sector, including the Private Sector Commission (PSC), the Consultative Association of Guyanese Industry (CAGI), the Guyana Manufacturers' Association (GMA) and the Tourism Association of Guyana (TAG). The objective was to get a better grasp of their needs and the short-term investment and commercial needs of their members, in order to be able to give them effective assistance with the implementation of those plans.

PROBLEMS

- a) Partly because of the Minister's periodic absences in Trinidad for medical treatment, the Advisor was asked to join these discussions after they had started and some commitments had been already made on both sides, which eventually proved to be obstacles to a wholly constructive outcome. As matters stand, there is no clear precedent to guide the approach to issues of this kind which will surely arise again in the future.
- b) Both the Ministry of Trade, Tourism and Industry (MTTI) and the Ministry of Health are involved in the administration of different aspects of the proposed development of National Parks. In addition, the Environmental Protection Unit in the office of the President also has jurisdiction in conservation and environmental matters. Effective monitoring of the proposals of the OAS consultants will require either close inter-ministerial coordination or/and the clear assignment of overall responsibility to a named Ministry.
- c) While the discussions were on the whole constructive and beneficial some of these private sector entities are still thinking through their priorities and were occasionally ambivalent about them.

LESSONS LEARNED

- a) The Minister was requested to involve the Advisor from the inception of the discussion, if his assistance was needed and an optimum contribution was desired.
- b) Both the national government as well as the Tourism Division of MTTI need to review their state of readiness to review and monitor the proposals of the OAS consultants in respect of the development of National Parks. The Minister has been so advised.
- c) More regular dialogue is needed with these bodies, both to keep track of the evolution of their strategic thinking, as well as to informally help guide that process.

SOLUTIONS

- a) The Minister agreed that in future he would determine at the outset whether the relevant Division needed the Advisor's help in coping with specific problems.
- b) The Minister has said that he will consult with his Cabinet colleagues on the one hand and direct the Tourism Division appropriately, on the other.
- c) Good personal relations with the leadership of all these organizations will facilitate the consultative process. Already, enough has been learnt to guide the preparation of a Terms of Reference document, relating to initial technical assistance for the sector, which is described in the TOR

section of this Quarterly Report.

TASK ASSIGNMENT

B. Assist the MTTI to increase capacity to administer, improve, and monitor key sectoral economic variables consistent with the overall macroeconomic policy framework.

ACCOMPLISHMENTS

a) Firstly, in terms of monitoring and advising on several regional and international trade and investment issues relevant to Guyana, by attending meetings of a Policy Advisory Committee comprised of selected public and private sector individuals. The meetings are convened and chaired by the Senior Minister of Foreign Affairs Clement Rohee, but MTTI is always represented, officially by its acting Permanent Secretary Neville Totaram but also, at the request of both Ministers Shree Chan and Rohee, by the Business and Development Advisor. Subject areas discussed during the period under review included:-

i) the CARICOM Single Market and Economy (CSME) - the Committee's policy consensus was that while the establishment of the CSME was still a desirable objective, unless CARICOM governments significantly increased the pace of its implementation, it was likely to be overtaken by regional and hemispheric developments and become redundant.

ii) the impact of NAFTA on CARICOM - the Committee's policy consensus was that NAFTA's potential adverse economic effect on CARICOM, especially in the area, of regional export of garments and apparel to the USA was likely to become even more pronounced, if an acceptable formula could not be found for achieving parity of the CBI countries with Mexico, in terms of at least those product groups of serious export concern to these countries, vis a vis the conditions of their market access to USA and Canada.

iii) the Free Trade Area of the Americas (FTAA) process - the Committee noted the Government of Guyana's (GoG) concern about the inability due to lack of human and financial resources of the region to adequately monitor the various meetings of the several working groups in the FTAA process (11 at last count). Strategies to counter this disadvantage requiring far greater inter-CARICOM country coordination were suggested and are to be explored by GoG.

In addition, the committee noted the apparent lack of knowledge and even concern about these developments and similar ones like the advent of the new World Trade Organization (WTO) and the implications for the region of its various agreements. A seminar is planned for later in the year, with OAS and ECLAC assistance to try to remedy this short coming and in the interim the Advisor

has undertaken to try to arrange a meeting of prominent private sector leaders with the Committee to discuss the issue and to induce greater private sector interest and involvement.

- b) Assistance to MTTI in respect of the demands of this Task Assignment was also accomplished by attendance at several specialized meetings:-

1. Attendance in mid-June, in Washington, D.C., of two meetings:-

i) a Caribbean Business Forum for participants from the region's private sector sponsored by the International Finance Corporation (IFC), the private sector arm of the World Bank. This meeting centered largely on help provided by the IFC for significant private sector investment and ways in which such assistance might be improved, especially using appropriate intermediary institutions in the Caribbean to help medium and small sized business. The Advisor chaired the Forum's last working session which featured a Caribbean public/private sector panel and a wide-ranging question and answer session on issues raised in the course of the Forum.

The BEEP Project sponsored the attendance at the session of the Head of MTTI's Industry Division and acting Deputy Permanent Secretary, Mr. Tarchan Ramgulam, as well as the new Chairman of the Private Sector Commission (PSC), Mr. Manniram Prashad. Six (6) individuals and firms from the USA and the Caribbean indicated a potential interest in doing business in Guyana and promised to write to MTTI detailing their interests.

ii) attendance at a conference in Tourism Investment in the Caribbean sponsored by the MIGA division of the IDB.

While the investment issues discussed at this meeting were mainly concerned with the kind of tourism suitable for destinations like Jamaica and Barbados, some eco-tourism issues were also raised. Ideas from the latter discussion, coupled with work done by the Advisor in the context of a Task Force advising the Carter Center about the impact of its tourism strategy on the National Development Strategy are proving useful as background for a planned national consultation on tourism in Guyana in August, which will itself inform projected assistance by the BEEP Project for this sector.

2. Attendance at various planning meetings in the quarter, for the holding by the Small Business Credit Initiative with assistance from the BEEP Project, of a Symposium in early July, concerned with the problems and potential of the small and micro business constituency. The recommendations of this Symposium when properly formulated, will inform planned BEEP technical assistance for that sector.

PROBLEMS

- a) The preparatory documents for discussion of these important and wide-ranging issues are occasionally deficient in scope and invariably late in distribution. The actual discussion sessions could be both shortened as well as improved by appropriate introductions of specific topics by one or other of the Committee's members, with particular knowledge of and interest in designated topics.
- b) No major problems were encountered in attendance at these meetings. Some sessions, while interesting, were not wholly relevant to Guyana conditions but this is inevitable in the context of meetings concerned with the problems of the region as a whole.

LESSONS LEARNED

- a) The suggestions mentioned above have been put to the committee, been noted and generally accepted. Shortage of staff at both the Ministry of Foreign Affairs and MTTI remains a constraint on the adequate preparation of discussion documents.

SOLUTIONS

- a) There should be an improvement in the conduct of future meetings, although some problems will remain.

TASK ASSIGNMENT

C. Assist in putting into place a strategic planning and management system consisting of a nine step process:

(1) Commitment to the strategic management process

ACCOMPLISHMENTS

Utilizing senior staff group meetings and one-on-one meetings with the Permanent Secretary (actg) , the Deputy Permanent Secretary (actg) and Division heads , a firm commitment by MTTI to engage in the strategic management process has been obtained and endorsed by Minister Shree Chan.

It has been agreed that a two-day week-end senior staff retreat offers the best prospects of getting the process started in a definitive way and a further staff meeting in July will take decisions on the details of time, place and content of the retreat. An effort will be made to utilize an experienced external facilitator to optimize the outcomes.

PROBLEMS

Initial resistance or/and indifference has been overcome by patient discussion and clarification, especially when helping individual senior staff members with specific problem solving in the course of their operational activities.

LESSONS LEARNED

At MTTI, persistence and patience can pay off, especially if deployed in a climate where credibility is being established and trust built up.

SOLUTIONS

The initial goal has been achieved. The effort now will be to persuade senior staff that their commitment to the strategic planning process means that the planned retreat is their own; that they should involve all of their respective divisional staffs in the process; that they should set out in writing their expectations of the outputs to be obtained from the process and finally, that they should welcome the assistance of an experienced facilitator.

The issues covered in points (2) to (6) will represent outputs of the strategic planning retreat. The subsequent preparation of a strategic plan and implementing plan of action (points 7 and 8) will be post retreat activities. The action plan will incorporate a monitoring process in satisfaction of point 9.

TASK ASSIGNMENT

D. Develop and implement an action plan to establish the strategic planning and management system including off-site retreats, workshops, task forces, group reviews and other available options depending on effectiveness.

ACCOMPLISHMENTS

As set out in Section C of this Quarterly Report, what the Advisor has now obtained is the Ministry's commitment to the strategic management process and an agreement to formulate this process through internal divisional consultations, the results of which will be expressed in writing. Those written objectives and other inputs will help in the process of designing a two-day off-site retreat which will lead to the formulation of a strategic plan for the Ministry and an integrated action plan for its implementation.

The other sections of this Task Assignment must await the holding and outcomes of the retreat.

PROBLEMS

LESSONS LEARNED

SOLUTIONS

2. Other Tasks Completed

ACCOMPLISHMENTS

PROBLEMS

LESSONS LEARNED

SOLUTIONS

3. Capacity Building

ACCOMPLISHMENTS

PROBLEMS

LESSONS LEARNED

SOLUTIONS

4. Recommended Changes in Scope of Work

None

5. Projections for Next Quarter

TORs

1. Follow-up work - Monitor actions by MTTI on the recommendations of the consultant's report on the GOINVEST/GEPC/NGMC merger.
2. Complete the Trade Policy Unit TOR and submit it to MTTI after obtaining their comments on the consultants' interim report. Follow up with MTTI for action on GoG's part.
3. Prepare and process a TOR on private sector identification and prioritization of inhibitions to business activities resulting from existing GoG policy and regulatory constraints and commence a process of institutional strengthening of selected private sector organizations, partly to allow them to conduct more effective policy dialogues with GoG, partly to improve the prospects of their respective medium-term viabilities.
4. Prepare and process a TOR designed to produce recommendations on a comprehensive Investment Code including, inter alia, a review of land development policy.
5. On receipt of the recommendations and proposed follow-up action for the Small/Micro Business Symposium, examine the prospects for preparing a TOR for BEEP technical assistance to the small/micro business constituency.
6. Following the planned tourism sector consultation to be held in early September, examine the prospects for preparing a TOR for initial BEEP technical assistance to the tourism sector.
7. Consult with the NGO community, with a view to preparing a TOR for BEEP technical assistance to this constituency, including Amerindian and women's groups.

Tasks and Accomplishment of Short Term Advisors

TOR #, PERIOD & TASK ASSIGNMENT

1. TOR #1

Task - An MIS consultancy to assess the computer hardware and software needs of both the Ministry of Finance and the Ministry of Trade, Tourism and Industry.

Period - The consultancy was completed in May and a draft report submitted. The report was judged inadequate by the Project and a revised report requested. This was submitted in June and was judged satisfactory by the Project. However, the equipment recommendations were in excess of any reasonable Project Budget assumptions and an effort is now being made by both Ministries to prioritize the equipment recommendations.

2. TOR #2

Task - A review of the tender board system for Government procurement and provision of recommendations for changes to legislation, organizational structure, procedures and practices governing tendering and procurement.

Period - 8 April - 5 May 1996

3. TOR #3

Task - Consultant to report on the advantages and disadvantages of a possible merger of GOINVEST, GEPC and NGMC and to make a clear recommendation to Minister of Trade, Tourism and Industry.

Period - Originally set for implementation between 1 - 19 April 1996, but subsequently revised because of the unavailability of the selected consultant, Mr. David Yankana. The first draft of the report was submitted in late May but judged by the Project as unsatisfactory, in that the arguments presented were inadequate to support the recommendations made.

The report was referred back to the consultant for revision along specific lines indicated by the Project. At the end of the review period, the revised report was expected but had not actually been received.

4. TOR #4

Task - Consultant to draft an updated Investor's guide to Guyana to reflect all existing concessions and incentives for private sector investors.

Period - Originally set for implementation between 15 - 26 April but delayed in order to identify a local consultant acceptable to the Project, MTTI and USAID.

Mr. Ronald Alli of Jack Alli and Sons was identified as a suitable local consultant but before awarding him a contract, it was discovered that his firm, which is associated with the Price Waterhouse group, was already engaged in the preparation of a similar Investor's guide, with wider terms of reference.

A project decision was taken to abandon this assignment and to concentrate in the third quarter on a TOR for the preparation of a comprehensive Investment Code. MTTI was notified to this effect.

5. TOR #5

Task - Two (2) consultants to review the Guyana government's existing arrangement for formulating, analyzing, implementing and evaluating trade policy and to provide MTTI with detailed recommendations on the establishment within the Ministry of a Trade Policy Unit (TPU) with adequate institutional capacity. In addition, the consultants were required to specify the computer hardware and software which the TPU would require, its staffing with minimum position qualifications and required training and a work plan for the first two (2) years of the TPU's operations.

Period - A 40 days assignment originally scheduled to commence in late May, commencement was delayed to allow for identification of two (2) suitable external consultants. This was effected with the intention of having them commence work late June. With the Minister and the Permanent Secretary both out of the country on Ministry business and some key members of the Foreign Trade Division attending a WTO programme in Georgetown, a decision was taken to delay the consultants' arrival to early July.

LESSON LEARNED

1. It will be necessary in future for the IGI office in Guyana to set out reporting guidelines for consultants to follow in completing their reports in order to minimize the submission of unsatisfactory reports.

Actions Taken by Government as a result of the STTA

The recommendations of all the STTAs are receiving active consideration by the Government at either the ministerial or Cabinet levels.

**Appendix to Quarterly Report of BEEP Business and Enterprise Development Advisor
for the period April - June 1996**

Section B 1 i)

List of firms and individuals who contacted Guyana's delegation to the Business Forum meeting in Washington, D.C. in June 1996

Name and Sector	Action Taken
1. Mr. Robert Abraham Health Care Consultant, USA	Enquiry referred to Ministry of Health for reply and follow-up.
2. Mr. John Ryan Sustainable Forest Consultant, USA	Has been requested to submit a written proposal detailing his ideas for submission to the Forest Products Commission.
3. Mr. Mohan Persaud Representing Marriot International, USA	Has said that he will visit Guyana in August to follow up and will advise MTTI in advance of his arrival date.
4. Mr. Frazer B. James CADD America, USA	Interest in office supplies with emphasis on writing of computer programmes. Has been asked to put his ideas in writing to MTTI.
5. Mr. Changlio Gire R.C. Capital co., USA	Interested in infrastructure development, especially industrial estates. Has been asked to outline his ideas in writing to MTTI.
6. Mr. Jerome Sooklall CEO, Enterprise Development Ltd, T&T	Interested in providing investment capital for project development. Proposes to visit Guyana and will advise MTTI in advance of his arrival.

Long Term Advisors

TOTAL PROJECT PERSON MONTHS	TOTAL LONG TERM USED IN QUARTER	TOTAL CUMULATIVE LONG TERM USED	REMAINING LONG TERM IN PROJECT
54 P.M.	6	16	38

Short-Term Technical Assistance: Local

TOTAL PROJECT LOCAL STTA Days and Person Months	TOTAL STTA USED IN QUARTER	TOTAL CUMULATIVE STTA USED	REMAINING STTA IN PROJECT
1300 P.D.	15	15	1285 P.D.

Short Term Technical Assistance : Off Shore

TOTAL PROJECT LOCAL STTA Days and Person Months	TOTAL STTA USED IN QUARTER	TOTAL CUMULATIVE STTA USED	REMAINING STTA IN PROJECT
1083 P.D.	35	35	1048

Training: In Guyana

TOTAL PROJECT PERSON MONTHS	NUMBER OF PEOPLE TRAINED THIS QUARTER	TOTAL PERSON MONTHS THIS QUARTER	TOTAL CUMULATIVE PERSON MONTHS	REMAINING PERSON MONTHS
150 P.M.	0	0	0	150

Training: U.S. and Third Country

MIAMI: 13899 Biscayne Boulevard, Suite 205 C North Miami Beach, Florida 33181 C 305-956-2713 Fax: 305-956-5660

WASHINGTON: 1133 15th Street, N.W., Suite 1200 C Washington, D.C. 20005 C 202-457-0363 Fax: 202-467-0839

TOTAL PROJECT PERSON MONTHS	NUMBER OF PEOPLE TRAINED THIS QUARTER	TOTAL PERSON MONTHS THIS QUARTER	TOTAL CUMULATIVE PERSON MONTHS	REMAINING PERSON MONTHS
12 P.M.	0	0	0	12

MIAMI: 13899 Biscayne Boulevard, Suite 205 ☐ North Miami Beach, Florida 33181 ☐ 305-956-2713 Fax: 305-956-5660

WASHINGTON: 1133 15th Street, N.W., Suite 1200 ☐ Washington, D.C. 20005 ☐ 202-457-0363 Fax: 202-467-0839